W-2 Allocation Methodology
Contract Year 2004-2005

Purpose of Allocation Methodology: To ensure that W-2 funding is directed to those areas of the state where there is the greatest need through a fair and equitable methodology.

Background: The contract for 2002 –2003 uses a similar methodology with the one proposed in this document. It used caseload counts to represent the proportion of the agency's allocation. The main differences are:

1. Used a fifteen-month average.
2. Did not use the most recent caseload counts.
3. Allocated $82,969 in benefit dollars to any agency with five or less W-2 Paid cases.
4. A small agency supplement was added to any agency below $250,000 to bring them up to a total base allocation of $250,000.
5. The methodology of counting the types of cases varied. Some numbers were during-the-month and some were as of the end-of-month.
6. It included two additional W-2 case groupings that were determined to be difficult to serve. This made these cases counted twice in the total adjusted caseload. These are a W-2 case with less than a high school diploma and a W-2 case with a Disabled Adult or Child.
7. All of childcare cases were included, which meant the W-2 cases with childcare were counted twice.
8. None of the caseload numbers were weighted. So a childcare case was equal to a W-2 or FSET case.
9. The entire Appendix B caseload numbers, in the published 02-03 contract were reproduced.

Description of Methodology Selected: The DWS Contract Allocation Methodology team established five criteria to determine the allocation methodology that would most appropriately direct funds to those areas of the state with the greatest need. The methodology needed to be 1) reliable, 2) valid, 3) easily understood, 4) consistent with other methodologies used to administer the W-2 program and 5) a measure that exhibited consistent and stable outcomes.

It was determined after review and assessment, that caseload counts were the most appropriate predictor of workload and therefore of need.

The following table describes the recommended specifications for measuring caseload and describes the rationale for each specification.

Specification:	**Rationale for Selection:**
1. Include the following types of cases: a) W-2 Paid & Not Paid* b) FSET c) Childcare (CC only, CC/MA, CC/FS, and CC/MA/FS)	1. W-2 agencies are responsible for: a) Managing all services (eligibility, case management, etc.) for W-2 participants. b) managing cases of all FSET participants. c) determining the eligibility of all Childcare cases.
2. Ensure that caseload counts for different programs are mutually exclusive**	2. Assures no duplication, or over-counting, of cases.
3. Include all individuals who are identified as "during-the-month" cases.	3. Provides the most complete and accurate measurement of caseload volume.
4. Use average of the time period of July 2002-June 2003.	4. Most reflective of current economic environment and short term future environment; accounts for seasonal fluctuations in caseload counts; minimizes single- month anomalies.

*The Paid caseload will be counted as five cases if the average per month is <five cases (reflects minimum infrastructure requirements).
**While individuals counted as Childcare cases will also be counted as FSET cases, the overlap should be minimal. The goal is to prevent such overlap whenever possible.

The twelve-month caseload averages from July 2002 through June 2003, prior to applying weight to the counts, are as follows:

	W-2 Paid	W-2 Not Paid	%	FSET	%	CC Only	CC w/IM	%
Milwaukee	7896	2911	78%	4011	51%	857	6890	34%
Balance of State	2,211	908	22%	3831	49%	2,264	13141	66%
Statewide Total	10,107	3819	100%	7842	100%	3,121	20031	100%

Weighting of Caseload Counts: Each type of case served in a W-2 agency does not require the same work effort, so weights were established to account for variation in work loads. A Columbia County workload study, done in July 2000, was used to obtain weights for the various caseloads. It was reviewed and evaluated to be reasonable and valid. The study used eight variables to develop a score that measured the work effort required for each program offered by the agency. For W-2 cases, this score was divided by itself, with a resulting weight of 1, in acknowledgement of the fact that the W-2 work effort is the most extensive of all the programs included in the caseload count. Accordingly, the scores for FSET and Childcare cases from the study were less than one. This reflected their respective workload. The following table explains the weighting of cases.

Weights Used:	**Rationale for Weight:**
1. W-2 cases = 1	1. 100% of a W-2 case is the responsibility of the W-2 agency. The score of 11 gave these cases a weight of 1.
2. FSET cases = .81818	2. In the study, FS and FSET cases were given a combined score. The advisory group agreed that the weight used for FSET cases should only reflect the FSET portion of the workload. The score used to calculate the weight was based on the Columbia County study and experience. The score of 9 was divided into the W-2 score to arrive at .81818.
3. Childcare Only cases = .2045	3. Three of the eight variables used to calculate the score for Childcare applied to eligibility. Therefore, the final weight was based on 3/8th's of the childcare score of 6, to reflect that portion of a Childcare case that is the responsibility of the W-2 agencies.
4. Childcare with MA and/or FS = .25*.2045	4. The weight for Childcare with MA and /or FS is reduced by .75 because the workload for this type of case is significantly less for the W-2 worker.

Steps to Calculate an Agency's Funding Allocation

1) For each Agency:

   a) Calculate the average monthly caseload count for each program for the time period July 2002 - June 2003.
   b) For any agency with less than five W-2 Paid cases, set their W-2 Paid cases at five.
   c) Apply weights to the averages of FSET and Childcare caseloads.
   d) Add the individual program caseloads to get an overall agency total adjusted caseload.

2) Calculate each agency's percentage of the statewide total adjusted caseload by dividing each agency's total adjusted caseload into the statewide total adjusted caseload. For each funding category do the following:

   a) For Benefits multiply each agency's W-2 Paid caseload percentage by the statewide total Benefit dollars.
   b) For Service dollars multiply the percentage of the agencies total adjusted caseload with the total Service dollars.

c) Administrative dollars are determined by dividing the total of each agency's Benefits and Services dollars by 85% and then multiplying the result by 15%. =SUM((BEN$+SERVICE$) / .85) * .15
d) Milwaukee's Administrative dollars are determined with 12% to allow for 3% set-a-side.
e) The agency's Total Base Allocation is the total of the allocated dollars for Benefits, Services, and Administrative dollars.

3) The Milwaukee set-aside amount is calculated by:

a) Dividing the total of Milwaukee's Benefits and Services dollars by 88% and then multiplying the result by 12%. =SUM((BEN$+SERVICE$)/.88) * .12
b) Find the difference between the 15% Administrative dollars and the 12% Administrative dollars to get the total Milwaukee set-aside.